

1 MANATT, PHELPS & PHILLIPS, LLP
2 ROBERT D. BECKER (Bar No. CA 160648)
3 E-mail: rbecker@manatt.com
4 RONALD S. KATZ (Bar No. CA 085713)
5 E-mail: rkatz@manatt.com
6 SHAWN G. HANSEN (Bar No. CA 197033)
7 E-mail: shansen@manatt.com
8 1841 Page Mill Road, Suite 200
9 Palo Alto, CA 94304-1255
10 Telephone: (650) 812-1300
11 Facsimile: (650) 213-0260

7 *Attorneys for*
KELORA SYSTEMS, LLC

**IN THE UNITED STATES DISTRICT COURT
OR THE NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION**

13 eBay Inc. and Microsoft Corporation,) No. 4:10-cv-4947-CW (filed Nov. 2, 2010)
14)
15 *Plaintiffs and Counterclaim-) **KELORA'S NOTICE OF MOTION AND**
Defendants,) **MOTION TO STRIKE THE AMP**
16 v.) **NAVIGATOR DEMO AS PRIOR ART**
17 Kelora Systems, LLC,) **UNDER 35 U.S.C. § 102**
18) **THIS MOTION IS SUBJECT TO A**
Defendant and Counterclaim-Plaintiff.) **CONCURRENTLY-FILED MOTION TO**
19) **SHORTEN TIME**
) **Hearing Date: March 8, 2012**
) **Hearing Time: 2:00 p.m.**
) **Hearing Location: Courtroom 2, 4th Floor***

21 Cabela's Inc.,) No. 4:11-cv-1398-CW (filed Mar. 23, 2011)
22) (related case)
22 *Plaintiff and Counterclaim-Defendant,*)
23 v.)
24 Kelora Systems, LLC,)
25 *Defendant and Counterclaim-Plaintiff.*)

Kelora Systems, LLC,) No. 4:11-cv-1548-CW (filed Nov. 8, 2010)
) (related case)
)
Plaintiff and Counterclaim-Defendant,)
)
)
v.)
)
)
Target Corporation, et al.,)
)
)
Defendants and Counterclaim-)
Plaintiffs.)
)
)
)

NOTICE OF MOTION & MOTION

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

10 PLEASE TAKE NOTICE that pursuant to Civil Local Rule 7-2, Kelora Systems, LLC
11 (“Kelora”) will and does hereby respectfully move this Court to strike the AMP Navigator Demo
12 from consideration as prior art in this action and to disregard all arguments by Defendants which
13 rely on the AMP Navigator Demo or derivatives thereof to invalidate the claims of the ‘821
14 patent.

15 This motion to strike is made on the grounds that Defendants recently expressly
16 disclaimed any reliance on the AMP Navigator Demo as prior art. Because Defendants' reversal
17 of position only became clear in their January 25, 2012, filing, and because this Court has ordered
18 that there will be no further hearing in connection with summary judgment briefing, Kelora could
19 not bring this Motion to Strike any earlier.¹

20 This Motion is based on the accompanying Memorandum of Points and Authorities, all
21 papers on file in this action, and the proposed order submitted herewith, and on such further
22 evidence or argument as may be presented at any hearing on this Motion.

¹ Kelora recognizes that this Court has a general order that motions to strike be raised in oppositions and replies, rather than as separate motions. However, for similar reasons (i.e. this issue just became clear in Defendants' January 25, 2012, filing), Kelora could not raise its current motion to strike argument in its earlier papers.

1 **I. INTRODUCTION**

2 During the entire course of this litigation regarding the ‘821 patent and during the course
 3 of the prior litigation between the predecessor-in-interest to Kelora (PartsRiver) and some of the
 4 current Defendants, the parties accused of infringing the ‘821 patent have asserted that the so-
 5 called “AMP Navigator Demo” (hereinafter referred to as the “AMP Navigator Demo”) was “on-
 6 sale” more than one year before the first application for the ‘821 patent and thus was available as
 7 prior art under the “on-sale bar” provision of 35 U.S.C. § 102(b). In opposition, Kelora and
 8 PartsRiver have consistently asserted that the AMP Navigator Demo is not prior art under §
 9 102(b) and thus cannot be used, alone or in combination with other art, to invalidate the claims of
 10 the ‘821 patent.

11 A recent and surprising turn of events has changed this dynamic. On January 25, 2012,
 12 the Defendants filed a document entitled, “Defendants Reply to Kelora’s Opposition to
 13 Defendants’ Supplemental Brief in Support of Their Renewed Motion for Summary Judgment”
 14 (hereinafter referred to as “Reply II”). In that paper, Defendants concede that the AMP Navigator
 15 Demo was “**not** itself the subject of the offer for sale” previously adjudicated before this Court.
 16 Based on this concession by the Defendants, Kelora respectfully moves this Court to strike the
 17 AMP Navigator Demo from consideration as prior art in this action and to disregard all arguments
 18 by Defendants which rely on the AMP Navigator Demo or derivatives thereof to invalidate the
 19 claims of the ‘821 patent.² *Id.* (Emphasis in original.)

20 **II. DISCUSSION**

21 During the prior litigation, the Defendants, including a subset of current Defendants,
 22 argued that claims 1 and 2 of the ‘821 patent as originally issued were invalid by reason of an
 23 “on-sale bar.” In May of 2009, the Defendants moved for summary judgment of invalidity and
 24 argued that the AMP Navigator Demo was prior art under the “on-sale bar” provision of 35

25

 26 ² Defendants' recent change of heart is a thinly veiled attempt to eliminate from the court's
 27 consideration the fact that the AMP Navigator Demo teaches away from the claimed invention
 28 and is simply incompatible with it. *See, e.g.*, Reply II at 3:1-5. A prior art reference must be
 29 considered in its entirety, i.e., as a whole, including portions that would lead away from the
 30 claimed invention. *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540, 220 USPQ 303
 31 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 851 (1984).

1 U.S.C. § 102(b). In the Introduction of that motion for summary judgment, for example, the
 2 Defendants made the following argument:

3 It is undisputed that by April 1992 – over two years before the application
 4 for the patent was filed – the inventor had created a “demo” program that
 5 admittedly was a reduction to practice of the asserted claims, and he had
 6 faxed a proposal to a third party offering to sell software embodying the
 7 asserted claims.

8 Defendants’ Motion For Summary Judgment Of Noninfringement And Invalidity Due To The
 9 On-Sale Bar, Case No. 4:09-cv-00811-CW, Dkt. No. 201 at 2 (May 28, 2009).

10 PartsRiver opposed the motion by arguing, *inter alia*, that the AMP Navigator Demo was
 11 still under experimental use at the critical date, and was therefore not prior art. *See* Plaintiff’s
 12 Opposition to Defendant’s Motion for Summary Judgment (Case No. 4:09-CV-00811-CW),
 13 7/10/2009, 18:4 – 25:5. PartsRiver further challenged the qualification of the AMP Navigator
 14 Demo as prior art against the reexamined claims because the “ready for patenting” prong of the 2-
 15 part test outlined in *Pfaff* was not satisfied.³ *See* Plaintiff’s Opposition To Defendant’s Motion For
 16 Summary Judgment, Case No. 4:09-CV-00811-CW, Dkt. No. 225 at 20-25 (June 19, 2009).
 17 PartsRiver asserted that the AMP Navigator Demo was not prior art under § 102(b) and thus
 18 could not be used, alone or in combination with other art, to invalidate the claims of the ‘821
 19 patent. *See, e.g., Id.* at 18 (“The software in the present case was not part of an offer for sale or a
 20 sale prior to the critical date.”).

21 The Court ruled in favor of the Defendants and found that the AMP Navigator Demo was
 22 prior art under the “on-sale bar” provision of 35 U.S.C. 102(b). The Court further found that the
 23 original claims of the ‘821 patent were invalid by reason of the on-sale bar. It accepted
 24 Defendants’ arguments, specifically relying on their argument that the AMP Navigator Demo
 25 taught step (h) of the original claims and not accepting Kelora’s contention that it was neither
 26 prior art nor a teaching of step (h): “The demo program recreates the snapshots provided in

27 ³ A patent is invalid pursuant to 35 U.S.C. § 102(b) “if the claimed invention is offered for sale
 28 more than one year before the filing date of the patent application.” *Scaltech, Inc. v. Retec/Tetra,
 LLC*, 269 F.3d 1321, 1325 (Fed. Cir. 2001). Under this statutory bar, a patent is invalid pursuant
 to 35 U.S.C. § 102(b) if the invention is both: (1) the subject of a commercial offer for sale in the
 United States more than one year prior to the date of the patent application; and (2) ready for
 patenting at the time of the offer. *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 67 (1998).

1 Defendants' Exhibit E, including step 1(h). Plaintiff's contention therefore fails." Case No. 4:09-
 2 CV-00811-CW, Dkt No. 33, at 13.

3 The Court's decision was appealed by PartsRiver. In its opening brief, PartsRiver argued
 4 that there had been no offer to sell the AMP Navigator Demo. *See* Case No. 4:10-cv-04947-CW,
 5 Dkt. No. 95, Exhibit 28 (Federal Circuit Case No. 2009-1591, Appellant's Opening Brief
 6 (Corrected) at 21) (where PartsRiver argued "The proposal was not an offer to sell the demo.").
 7 In response, the Defendants argued that the AMP Navigator Demo was not only the subject of an
 8 offer for sale, but also embodied each and every element of the asserted claims. For example, the
 9 Defendants argued, "More than a year before filing the application, the inventors created
 10 demonstration software (the 'Demo') that -- as the District Court held based on the inventors' own
 11 admissions and PartsRiver's interrogatory answers--both embodies the asserted claims and was
 12 the subject of an offer for sale. The operation of the claimed method is illustrated by screenshots
 13 from the Demo." *See* Case No. 4:10-cv-04947-CW, Dkt. No. 95, Exhibit 29 (Federal Circuit
 14 Case No. 2009-1591, Brief for Appellees at 5). The Federal Circuit ultimately dismissed the
 15 appeal, denied without prejudice Kelora's motion to vacate, and remanded to this Court. *See*
 16 Case No. 4:10-cv-04947-CW, Dkt. No. 95, Exhibit 45 (Federal Circuit Case No. 2009-1591,
 17 Order, (Nov. 3, 2010)).

18 In the present actions, Defendants asserted that the AMP Navigator Demo is invalidating
 19 prior art. Throughout the current summary judgment proceedings, for example, Defendants have
 20 asserted that AMP Navigator Demo, in combination with other art, rendered the claims of the
 21 '821 patent invalid as obvious under 35 U.S.C. 103. *See* Defendants' Motion for Summary
 22 Judgment (9/15/2011) ("Motion") at 3-4 ("This Court determined in Case No. 09-811 that a
 23 program created by Danish and Kimbrough in 1992 called 'AMP Navigator' practices the 'guided
 24 search' method claimed by original claims 1 and 2 of the '821 patent. At the same time, this
 25 Court determined that the "AMP Navigator" program is prior art to the '821 patent and thus
 26 found original claims 1 and 2 invalid. Accordingly, the following screenshots from the 'AMP
 27 Navigator' program illustrate both the prior art to the '821 patent and the 'guided search' method
 28 originally claimed by the '821 patent"); Motion at 16:19 – 20 ("All of the asserted claims are

1 obvious in light of this Court's summary judgment ruling that the AMP Navigator software is §
 2 102(b) 'on-sale bar' prior art."); Motion at 17:3 – 7 ("Because the Court has previously ruled that
 3 the AMP Navigator program is prior art that anticipates original claims 1 and 2 (and Kelora is
 4 precluded from challenging that judgment), the only remaining question before the Court is
 5 whether it would have been obvious to modify the AMP Navigator to include the additional
 6 limitations added to independent claims 1 and 9 during reexamination").⁴

7 In response, while challenging and without conceding that the AMP Navigator Demo was
 8 prior art, Kelora presented testimony from inventor Kris Kimbrough and expert Thomas Gafford
 9 as to how the AMP Navigator Demo functioned. *See* Declaration of Kris Kimbrough, ¶¶ 5 – 27;
 10 Declaration of Thomas A. Gafford ¶¶ 25 – 56. Kimbrough and Gafford testified that the AMP
 11 Navigator Demo actually prevented the so-called "resubmission" step set forth in the reexamined
 12 claims of the '821 patent and thus taught away from the inventions set forth in those claims. Mr.
 13 Gafford further testified that based on his analysis of the AMP Navigator Demo, it would not
 14 have been obvious to a person of ordinary skill in the art at the time of the invention to modify the
 15 AMP Navigator Demo to include "resubmission" as recited in claims 1 and 9 of the '821 patent.
 16 *See Id.*; Declaration of Thomas A. Gafford ¶¶ 30 – 33.

17 In their reply brief in support of their motion for summary judgment, Defendants once
 18 again asserted that the AMP Navigator Demo is invalidating prior art. "Accordingly, Defendants
 19 may use AMP Navigator - in combination with other prior art - to show that the reexamined
 20 claims are obvious." Case No. 4:10-cv-04947-CW, Dkt. No. 116 at 3 (Oct. 27, 2011).

21 Recently, the Defendants filed a supplemental motion for summary judgment of
 22 invalidity. In that motion, the Defendants again asserted that reexamined claims of the '821
 23 patent were invalid under 35 U.S.C. Section 103 in view of the AMP Navigator Demo in

24 _____
 25 ⁴ The same is true of the earlier motion for summary judgment, entitled "Plaintiffs' Motion for
 26 Summary Judgment of Invalidity and/or No Liability Before Nov. 2, 2010" Case No. 4:10-cv-
 27 4947-CW, Dkt. No. 41, p. 4, where Defendants argued "This Court has already determined that
 28 the 'AMP Navigator' program was the first reduction to practice of the 'guided search' method
 claimed by original claim 1 in the '821 patent." In reply to Kelora's opposition, Defendants
 further argued that Kelora was precluded from arguing that the screenshots created by counsel for
 purposes of the motion did not "accurately show the operation of Danish's AMP Navigator
 program". Case No. 4:10-cv-4947-CW, Dkt. No. 62, p. 3.

1 combination with other art. *See* Defendants' Supplemental Brief In Support Of Their Renewed
 2 Motion For Summary Judgment Of Obviousness at 3. They concluded that “rational
 3 underpinnings’ would have led One of Ordinary Skill to adapt AMP Navigator to a stateless
 4 client-server environment and to use resubmission to maintain state information for multiple
 5 related searches in that adaptation.” *Id.* at 6.

6 In response, Kelora observed that Defendants appeared to be retreating from their reliance
 7 on the AMP Navigator Demo, understandably given that it prevented resubmission and taught
 8 away from the reexamined claims directed to resubmission. *See* Kelora's Opposition To
 9 Defendants' Supplemental Brief In Support Of Their Renewed Motion For Summary Judgment
 10 Of Invalidity, Dkt. No. 447, at 5 (“Defendants improperly attempt to conflate AMP Navigator
 11 with the original claims of the ‘821, effectively relying on the original claims as prior art.”).
 12 Kelora went on to explain why relying on the original claims as prior art was improper. *Id.*

13 Finally, in Defendants' Reply II, Defendants altogether abandoned their position that the
 14 AMP Navigator is prior art and conceded that the AMP Navigator software was not subject to any
 15 offer for sale. Reply II at 1:27 (“Danish’s offer for sale under § 102(b) was not the **source code**
 16 for a **demo**”); Reply II (1/25/12) at 2:14 – 16 (“[T]his demo software was **not** itself the subject of
 17 the offer for sale”).

18 **III. AMP NAVIGATOR DEMO SHOULD BE STRICKEN FROM THE PRIOR ART**

19 In the prior litigation, as discussed above, the Defendants asserted that the AMP Navigator
 20 Demo was the subject of a commercial offer for sale. PartsRiver opposed that assertion as Kelora
 21 does here. The Court, however, agreed with the Defendants and ruled that the AMP Navigator
 22 Demo anticipated the claims and thus was a bar to patentability under section 102(b).

23 As Kelora has challenged, and Defendants now concede, the AMP Navigator “demo
 24 software is **not** itself the subject of the offer for sale”. Reply II (1/25/12) at 2:14 – 16. As such, it
 25 cannot be considered within the scope and content of the prior art and used against Kelora to
 26 invalidate the reexamined claims of the ‘821 patent.

27 With the removal of the AMP Navigator Demo from the prior art, all derivatives of the
 28 AMP Navigator Demo, should be likewise removed. The screen shots relied on by the

1 Defendants are at most a visible manifestation of the source code that was compiled and executed
 2 as the software program. As these were generated by counsel for Defendants by executing the
 3 AMP Navigator Demo software program, Decl. of Theodore Chandler (9/15/11), ¶6, the
 4 screenshots also do not have a separate basis for qualifying as prior art apart from the on-sale bar,
 5 and should be removed from the prior art with the AMP Navigator Demo.

6 **IV. CONCLUSION**

7 Because Defendants concede that the AMP Navigator Demo was not itself the subject of
 8 any offer for sale, Kelora respectfully moves this Court to strike the AMP Navigator Demo from
 9 consideration as prior art in this action and to disregard all arguments by Defendants which rely
 10 on the AMP Navigator Demo or derivatives thereof to invalidate the claims of the '821 patent.

11 DATED: January 27, 2012

12 MANATT, PHELPS & PHILLIPS, LLP

13 By: /s/ Robert D. Becker

14 Robert D. Becker

15 Ronald S. Katz

16 Shawn G. Hansen

17 MANATT, PHELPS & PHILLIPS, LLP

18 1841 Page Mill Road, Suite 200

19 Palo Alto, CA 94304

20 Telephone: (650) 812-1300

21 Email: rbecker@manatt.com

22 Email: rkatz@manatt.com

23 Email: shansen@manatt.com

24
 25
 26
 27
 28 *Attorneys for*
 29 KELORA SYSTEMS, LLC

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on January 27, 2012, all counsel of record who are deemed to have consented to electronic service are being served, via the Court's CM/ECF system pursuant to Civil L.R. 5-4 and General Order 45, with a copy of the foregoing.

/s/ Robert D. Becker

301353202.2